

**State of Alaska
FY2008 Governor's Operating Budget**

**Department of Labor and Workforce Development
Business Services
Component Budget Summary**

Component: Business Services

Contribution to Department's Mission

The Business Services component contributes to the department's mission by partnering with business and industry to build a trained and prepared workforce.

Core Services

Business Services provides administration, grant management, technical assistance, program development and design, and performance and evaluation support for the Workforce Investment Act (WIA) of 1998 Title IB programs, the State Training and Employment Program (STEP), the Denali Commission Training Fund, and Alaska's Youth First Initiative. Business Services also administers the following targeted federal employment and training grants: Alaska's High Growth Job Training Initiative for the Energy Industry; Alaska's Salmon Fisheries National Emergency Response Project; Alaska's Base Realignment and Closure National Emergency Grant; and, Alaska's Pipeline Worker Training Earmark Grant.

Under WIA Title IB, funds are available for eligible Youth, Adult and Dislocated Workers.

The Denali Commission Training Fund provides training associated with rural infrastructure projects sponsored by the Denali Commission. The fund is continuing to target training for the new Denali Youth Initiative Program preparing rural youth (ages 16-24) for first jobs and employment in Denali Commission investment priorities in construction, maintenance, and operation of infrastructure for energy, health care and transportation.

State Training and Employment Program (STEP) provides Alaskan workers access to state and employer sponsored training programs and services.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$43,746,200	Personnel:	
	Full time	28
	Part time	0
	Total	28

Key Component Challenges

Face federal formula funding reductions and rescissions, and prepare contingencies by seeking supplemental funding sources and leveraging funds through partnerships with targeted Alaska business and industry (e.g. oil/gas, transportation, mining, tourism and hospitality, healthcare, etc.).

Monitor the Congressional reauthorization of the federal Workforce Investment Act in 2007. The mandate to implement common performance measures across all employment and training programs, and potential changes to Youth, Adult and Dislocated Worker program design, funding, and program oversight will influence and shape Alaska's employment and training program outcomes.

Advocate for a simpler and more stable federal allocation formula for funding WIA Title 1B programs. Currently, the allocations: limit the ability to achieve a key goal of federal allocation formulas which is to distribute program funds to areas based on their relative shares of people eligible to receive services; present time lags between when data is collected and when the allocations are made available so that the allocations do not reflect current labor market conditions; and are excessively volatile, making program planning difficult from year to year.

Conclude and meet federal performance outcomes for the Salmon Fisheries National Emergency Grant, ensure that the over 700 participants receive employment and training services and are placed in employment, and use the grant extension to conduct in-depth evaluation of the project.

Conclude and meet federal performance outcomes for Phase I of Alaska's Base Realignment and Closures National Emergency Grant by mitigating impacts of worker dislocation in the communities of Fairbanks, North Pole, Anchorage and Galena, and implement Phase II to continue mitigating worker dislocation.

Conclude and meet federal performance outcomes for Alaska's High Growth Job Training Initiative for the Energy Industry and use the grant extension to conduct in-depth evaluation of project.

Maintain the trend for increased efficiencies in employment and training programs by continuing to reduce cost of training per participant and maximize on leveraging resources, and streamlining operations, including grant solicitations, negotiations, and management for deliverables, in all programs.

Significant Changes in Results to be Delivered in FY2008

Continue and expand the Alaska Youth First Initiative by requesting an increase to General Funds of \$3,450,000 for a total of \$4.3 million when combined with the \$850.0 provided in FY07. The funds were used for training up the future Alaska workforce to take advantage of high-demand occupations in high-growth industries and to prepare Alaska's youth for careers and best-bet occupations. This request will replace funding dedicated to training youth and advancing vocational technical education in Alaska's schools from the federal High Growth Job Training Initiative award that ends in FY08.

Double the annual output of trained Alaskans to meet industry demand for skilled workers in high-demand occupations, and close gap on worker shortage, by doubling training revenue of the State Training and Employment Program (STEP). This will offset the dwindling federal funds for training and employment related activities with state funded and supported programs. Seek program reauthorization and expansion in the next legislative session. Included in this budget request is a one time increase in STEP authorization of \$500.4 to use the carry forward balance of the STEP account to provide additional training opportunities to Alaskans.

We have been advised of continuing reductions in federal Workforce Investment Act (WIA) formula funding, and the end of funding or the expectation of no-cost extensions to the following federal initiative based grants:

- Alaska's High Growth Job Training Initiative for Energy Industry;
- Base Realignment and Closure, Phase I;
- Alaska's Salmon Fishery National Emergency Response project; and,
- Alaska's Pipeline Worker Training Earmark Grant.
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This continued decline of federal formula funding and end of period of performance for federal initiative funding will result in service reductions throughout the department, the number of training grants for solicitation, and the amounts available for reimbursable service agreements with partner agencies, particularly the Employment Security Division, the state's one-stop operator. For example, in FY06 there was a loss of \$871,850 of funding for federal youth programs, including a \$450,000 federal reduction in the Youth in Transition project (to serve youth with disabilities), a \$350,000 reduction in Denali Commission Youth Initiative, and a \$71,850 reduction in WIA Youth formula funds. Although federal formula funds are decreasing, costs continue to rise, particularly those for preparing youth and hard-to-serve adults for employment in high growth industries because they require more intensive participation and services.

Additionally, funding for three federal initiatives, the National Emergency Grant for Alaska's Salmon Fishery Response Project, Alaska's High Growth Job Training Initiative for the Energy Industry, and the Alaska's Pipeline Worker Training Earmark Grant will end during FY08. During FY07 the effects of the WIA cut have been partially offset by the \$850,000 General Fund investment in Alaska's Youth First Initiative and a continued investment, albeit decreased \$350,000 from FY06, of \$850,000 in the Denali Commission Youth Initiative Program.

A significant change in the Business Services component was a renewed focus on the mission to build industry partnerships that result in a trained and prepared workforce. In Program Year 04, all partnerships were entered into through grants and grant-related activity. In Program Year 05, Business Services increased and cultivated new partnerships with the University, Denali Commission, school districts, employers, technical training providers, and Native

Alaskan training and employment programs. These new partnerships permitted leveraging resources from other programs to support increased training opportunities for Alaskan youth and adults for high-growth occupations in high-demand industries.

Major Component Accomplishments in 2006

Designed program and implemented goals of the \$7 million grant award under the President's High Growth Job Training Initiative (HGJTI) to increase Alaska's capacity to recruit and train workers for careers in the energy industry sectors and to demonstrate an innovative approach to workforce development with a focus on industry engagement, and fast tracking participation through Alaska Job Centers making it easier for Alaskans interested in the construction industry to access training including registered apprenticeships. Acquired a no-cost extension of project to continue through FY08 to conduct in-depth evaluation, demonstrate success of pilot project, and share best practices among the national workforce investment system.

Expanded youth component of HGJTI to award over \$3 million in grants to one for-profit, 14 non-profit, 5 state, and 11 school districts and agencies to deliver services to youth encouraging skill development in vocational technical areas, new apprenticeship opportunities, outreach strategies, work experience, and enhancement of literacy and math skills required by high-growth industries.

Developed and implemented goals of Alaska's Pipeline Worker Training Earmark Grant, training 200 workers in pipeline construction techniques in arctic conditions through a joint effort of the State of Alaska, Alaska Job Centers, Alaska Works Partnerships, the North Slope Contractors, and the four labor unions that are members of the Joint Petroleum Crafts Council. The training is to meet demand for certified heavy equipment operators, skilled laborers, welders, truck drivers and surveyors for full employment with North Slope Contractors in pipeline construction jobs.

Developed and implemented goals of Alaska's Youth First Initiative with an \$850,000 General Fund appropriation to target employment, training, and career awareness services to 1,045 youth in agreements and partnerships developed with Fairbanks North Star Borough, Kenai Peninsula Borough, Matanuska-Sustina Borough, and Yaakoosge Daakahidi, Juneau School Districts, Tanana Chiefs Conference and the Employment Security Division. This initiative included a focused investment on Alaska's youth employability, career awareness, pre-vocational training, teacher-industry externships, student internships and summer youth academies.

The Business Services component issued additional Requests for Training Proposals in 2006, improving accountability, increased resource alignment and the overall granting and negotiation process. Focused solicitation language articulating Alaska's workforce development priorities and aligning initiatives among multiple funding sources created competitive interest among respondents and receipt of proposals with more defined training outcomes linked to jobs, plus grantee contributions. The increased competition enabled the division to enter into better articulated grant agreements with business, industry and education partners for advanced training opportunities, and the alignment of funding sources permitted innovative services to a broader spectrum of Alaskans seeking training.

Continued redesigning service delivery of Rapid Response program by developing statewide team outreach efforts, and distance delivery strategies to better identify potential dislocations and respond effectively to all business downsizings. All services are tailored to meet the unique needs of employers and workers and are provided before, during and after any potential layoff. The team worked with 123 business closures or downsizings affecting over 500 Alaskans across Alaska.

Achieved the negotiated Workforce Investment Act, Title IB performance level goals in all categories for Program Year 05. The Youth, Adult, and Dislocated Worker programs exceeded six of the 12 negotiated measures and improved performance on six measures from Program Year 04.

Statutory and Regulatory Authority

Federal Authority:

Public Law 104-193

Personal Responsibility and Work Opportunity
Reconciliation Act of 1995

Public Law 105-33

Balanced Budget Act of 1997

Public Law 105-220

Workforce Investment Act of 1998

Title III of Public Law 105-227

Denali Commission Act of 1998

20 CFR parts 660-671
 29 CFR part 37

WIA Title 1b Regulations
 EEO Regulations

Statutory Authority:
 AS 23.15.550 - .850
 AS 44.31.020 (5)
 AS 44.31

Alaska Workforce Investment Board
 Alaska Employment Security Act
 Department of Labor and Workforce Development

Administrative Regulations:

8 AAC 84 Alaska Human Resource Investment Council
 8 AAC 85 Employment Security
 8 AAC 86 State Technical and Vocational Education Program
 8 AAC 87-89 State Training and Employment Program
 Admin Order #113 Alaska Job Training Coordinating Council - Relating to employment/training of workforce
 Admin Order #182 Designating the AHRIC (now AWIB) as state workforce investment board as required by
 the Workforce Investment Act of 1998; establishing two local workforce investment areas and boards; and designating
 the Alaska Job Center Network as the state's one-stop career system
 Admin Order #205 Establishes the Division of Business Partnerships
 Admin Order #210 Designates the State of Alaska as a single state workforce investment area, the Alaska
 Workforce Investment Board as the state's sole workforce investment board and changes AO 205 to modify the
 reorganization of the Department of Labor and Workforce Development.

Contact Information

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**Business Services
Component Financial Summary**

All dollars shown in thousands

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,617.9	2,122.4	2,303.3
72000 Travel	115.8	105.8	118.8
73000 Services	1,688.4	4,418.3	4,493.3
74000 Commodities	26.5	28.9	33.9
75000 Capital Outlay	6.5	0.0	0.0
77000 Grants, Benefits	24,071.6	33,137.5	36,796.9
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	27,526.7	39,812.9	43,746.2
Funding Sources:			
1002 Federal Receipts	22,004.3	32,236.1	32,158.4
1004 General Fund Receipts	1.9	857.5	4,317.7
1007 Inter-Agency Receipts	66.2	554.4	554.4
1054 State Employment & Training Program	5,454.3	6,164.9	6,715.7
Funding Totals	27,526.7	39,812.9	43,746.2

Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Unrestricted Revenues				
State Employment and Training Program	51394	5,454.3	6,164.9	6,715.7
Unrestricted Total		5,454.3	6,164.9	6,715.7
Restricted Revenues				
Federal Receipts	51010	22,004.3	32,236.1	32,158.4
Interagency Receipts	51015	66.2	554.4	554.4
Restricted Total		22,070.5	32,790.5	32,712.8
Total Estimated Revenues		27,524.8	38,955.4	39,428.5

**Summary of Component Budget Changes
From FY2007 Management Plan to FY2008 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2007 Management Plan	857.5	32,236.1	6,719.3	39,812.9
Adjustments which will continue current level of service:				
-FY 08 Health Insurance Increases for Exempt Employees	0.0	0.1	0.0	0.1
Proposed budget decreases:				
-Reduce Surplus Federal Authorization to Align with Anticipated Expenditures	0.0	-306.9	0.0	-306.9
Proposed budget increases:				
-Add General Funds for the Alaska Youth First Initiative to Provide Career Opportunities for Alaska Youth	3,450.0	0.0	0.0	3,450.0
-Increase State Training and Employment Program Authorization to Provide Increased Training Opportunities to Alaskans	0.0	0.0	500.4	500.4
-FY 08 Retirement Systems Rate Increases	10.2	229.1	50.4	289.7
FY2008 Governor	4,317.7	32,158.4	7,270.1	43,746.2

**Business Services
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2007</u>	<u>FY2008</u>		
	<u>Management</u>	<u>Governor</u>		
	<u>Plan</u>			
Full-time	28	28	Annual Salaries	1,481,644
Part-time	0	0	Premium Pay	1,693
Nonpermanent	0	0	Annual Benefits	1,118,152
			<i>Less 11.46% Vacancy Factor</i>	<i>(298,189)</i>
			Lump Sum Premium Pay	0
Totals	28	28	Total Personal Services	2,303,300

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech I	1	0	0	0	1
Accounting Tech III	0	0	1	0	1
Administrative Clerk II	1	0	0	0	1
Administrative Clerk III	1	0	1	0	2
Administrative Manager II	0	0	1	0	1
Administrative Manager IV	0	0	1	0	1
Asst Dir Employ Security	1	0	0	0	1
Division Director	0	0	1	0	1
Employ Sec Analyst II	2	0	2	0	4
Employ Sec Analyst III	4	0	1	0	5
Grants Administrator I	1	0	0	0	1
Grants Administrator II	4	0	0	0	4
Grants Administrator III	1	0	0	0	1
Prog Coordinator	2	0	1	0	3
Research Analyst III	1	0	0	0	1
Totals	19	0	9	0	28